

Policy on Whistle Blower

Policy on 021- Policy on Whistle blower

Action	Entity	Signature
Created by	Amit Bondre	
Reviewed by	Avinash Bagul	
Approved by	CEO	
Approved by	Board / RMC	
Release Date		
Version	2.0	

Version History

Version No.	Particulars	Details
1	Original Policy approved by Board	
2	Amendments made to bring in line with Companies Act	<p>Added following:-</p> <ul style="list-style-type: none"> ● Aligned the policy in line with the requirement of the Companies Act, 2013 ● Coverage enhanced to cover Directors of Arka ● Proposed that Mr Mahesh Chhabria is the Chairman of the Audit Committee and the Ombudsperson ● Proposed that Mr Vimal Bhandari is the Director nominated by the Audit Committee ● Protected disclosures and the result of the investigation will be retained for 8 years

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Introduction:

Arka Fincap Limited (“AFL”) (Company) is committed to comply with all the applicable laws, particularly ensuring that the business is conducted with integrity and that the Company’s financial information is accurate.

1. Section 177(9) of the Companies Act, 2013 (Act) provides for establishment of the Vigil and Whistle Blowing Mechanism in the specified companies, for its employees and Directors, report the instances of unethical behaviour, actual or suspected, fraud or violation. It also provides a mechanism for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. It also recommends that the details of such a mechanism is disclosed by the Company on its website and in the Board’s report.

Accordingly, this Whistle Blower Policy (“the Policy”) has been formulated with a view to provide a mechanism for employees and Directors of the Company to approach the designated Ombudsperson / Director Nominated by Audit Committee of the Company to report unethical behaviour, actual or suspected, fraud or violation and matters specified in this Policy.

2. The Policy protects employees, Directors as well as anonymous whistle blowers wishing to raise a concern about serious irregularities within the Company.
3. The Policy neither releases employees and Directors from their duty of confidentiality in the course of discharging their duties, nor is it a route for taking up a grievance about a personal situation.

Policy:

- (1) This Policy is for the benefit of the Employees and the Directors as defined hereinafter.
- (2) The Policy has been drawn up so that Employees and Directors can be confident about raising a concern.

Definitions:

The definitions of some of the key terms used in this Policy are given below:

1. **Audit Committee:** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.
2. **Director:** means a person appointed as the Director on the Board of Directors of the Company
3. **Disciplinary Action:** means any action that can be taken on the completion of during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from the official duties or any such action as is deemed to be fit considering the gravity of the matter.
4. **Employee:** means every employee of the Company (whether working in India or abroad), including the expatriates stationed in India and persons engaged on contract.

5. **Investigator:** mean those persons authorised, appointed, consulted or approached by the Ombudsperson / Chairman of the Audit Committee and includes the Statutory and/or Internal Auditors of the Company as well as the Police.
6. **Ombudsperson:** will be the Chairman of the Audit Committee/Director nominated by Audit Committee for the purpose of receiving all the complaints under this Policy and ensuring appropriate action. The Board and / or Audit Committee shall have the authority to change the Ombudsperson from time to time.
7. **Protected Disclosure:** means any written or anonymous communication (including email) made in good faith that discloses or demonstrates information that may evidence unethical or improper activity.
8. **Subject:** means a person against or in relation to whom a protected disclosure has been made or evidence gathered during the course of an investigation.
9. **Whistle Blower:** means an Employee, a Director and/or any Anonymous Whistle Blower making a protected disclosure under this policy.

Guiding Principles:

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

1. Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
2. Treat victimization as a serious matter including initiating disciplinary action on such person/(s);
3. Ensure complete confidentiality;
4. Not attempt to conceal evidence of the Protected Disclosure;
5. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
6. Provide an opportunity of being heard to the persons involved especially to the Subject

Scope:

1. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts, nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.
2. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Ombudsperson or the Investigators.
3. Protected Disclosure will be appropriately dealt with by the Ethics Counsellor, if any or the Ombudsperson, as the case may be.
4. The Policy covers malpractices and events which have taken place/ suspected to take place involving:
 - a. Abuse of authority for personal gain or obtaining undue advantage or to prevent or deprive another of its rights or to the detriment of the Company;
 - b. Negligence causing substantial and specific danger to public health and safety;

- c. Manipulation/unauthorized use or disposal of company data/records;
- d. Financial irregularities, including fraud, or suspected fraud;
- e. Criminal offence;
- f. Pilferation of goods, property, confidential/proprietary information;
- g. Deliberate violation of law/regulation;
- h. Wastage/misappropriation of company funds/assets;
- i. Any other unethical, biased, favoured, imprudent event;
- j. Policy is not a platform for complaints pursuant to personal grievances like no increment / promotion etc and should not be used in place of the Company grievance procedures or be a route for raising malicious or unfounded allegations against colleagues or superiors

Eligibility:

All Employees and Directors of the Company are eligible to make the Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

Disqualifications:

1. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection will warrant a disciplinary action.
2. Protection under this Policy would not mean protection from the disciplinary action arising out of false or bogus allegations made by a Whistle Blower knowing it to be false or bogus or with a *mala fide* intention.
3. However, the disciplinary action would be taken based on the principles of the natural justice and only after giving the reasonable opportunity to the concerned Employee to be heard.
4. Whistle Blowers, who make any Protected Disclosure/s, which have been subsequently found to be *mala fide* or malicious or Whistle Blowers who make three or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, will be disqualified from reporting further Protected Disclosures under this Policy for a period of six months or such period as may be decided by the Board and/ or Audit Committee of the Company.

Manner in which concern can be raised:

1. Employees can make Protected Disclosure to Director nominated by Audit Committee and Director(s) can make Protected Disclosure to Ombudsperson, as soon as possible but not later than 30 consecutive days after becoming aware of the same.
2. For the purpose of providing the protection to the Whistle Blower, it is preferred that the Whistle Blower should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

3. Protected Disclosures should be reported in writing (including email) so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English, Hindi or in the regional language of the place of employment of the Whistle Blower.
4. The Protected Disclosure should be forwarded under a Covering Letter which shall preferably bear the identity of the Whistle Blower. The Ombudsperson / Director nominated by Audit Committee, as the case may be shall detach the Covering Letter and forward only the Protected Disclosure to the Investigators for investigation.
5. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern
6. All Protected Disclosures concerning Financial/Accounting matters should be addressed to the Ombudsperson of the Company for investigation
7. The contact details of the Ombudsperson / Director nominated by Audit Committee are as under:

	Particulars	Email id
	Mr Mahesh Chhabria, Chairman of Audit Committee/ Ombudsperson	ombudsperson@arkafincap.com
	Mr Vimal Bhandari, Director nominated by Audit Committee	vimal.bhandari@arkafincap.com

8. If a Protected Disclosure is received by any Executive of the Company other than Ombudsperson / Director nominated by Audit Committee, the same should be forwarded to the Ombudsperson / Director nominated by Audit Committee for further appropriate action.
9. If initial enquiries by the Audit Committee/ Ombudsperson/ Director nominated by Audit Committee indicate that the concern has no basis, or it is not a matter to be investigated pursuant to this Policy, it may be dismissed at that stage and the decision shall be documented and communicated to the Whistle Blower whose identity is known.
10. Where initial enquiries indicate that further investigation is necessary, this will be carried through either by the Ombudsperson alone, or by the Audit Committee. The investigation would be conducted in a fair manner, as a neutral fact-finding process and without presumption of guilt or wrong doing. A written report of the findings would be made.
11. Name of the Whistle Blower shall not be disclosed to the Audit Committee.
12. The Ombudsperson / Audit Committee/ Director nominated by Audit Committee shall make a detailed written record of the Protected Disclosure. The record will include:

- i. Facts of the matter;
- ii. Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- iii. Whether any Protected Disclosure was raised previously against the same Subject, and if so, the outcome thereof.

Investigation:

1. All Protected Disclosures reported under this Policy will be thoroughly investigated by the Ombudsperson or by Director nominated by Audit Committee, on the directions of the Chairman of the Audit Committee, who will investigate / oversee the investigations under the authorization of the Audit Committee.
2. The Ombudsperson / Director nominated by Audit Committee may at his discretion, consider involving internal Functions/employees and/or outside Investigators for the purpose of investigation
3. The decision to conduct an investigation taken by the Ombudsperson / Director nominated by Audit Committee is by itself not an accusation and is to be treated as a neutral factfinding process. The outcome of the investigation may not support the conclusion of the Whistle Blower that an improper or unethical act was committed
4. The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation
5. Subject will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing his/her inputs during the investigation
6. Subject shall have a duty to co-operate with the Ombudsperson/ Director nominated by Audit Committee or any of the Investigators during the investigation to the extent that such co-operation will not compromise self-incrimination protections available to the Subject under the applicable laws
7. Subject has a right to consult with a person or persons of his/her choice, other than the Ombudsperson / Investigators and/or members of the Audit Committee and/or the Whistle Blower
8. Subject has a responsibility not to interfere with the investigation
9. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, coerced, threatened or intimidated by the Subject

Investigators:

1. Investigators are required to conduct fact-finding and analysis methodically. Investigators shall derive their authority and rights from the Audit Committee when acting within the course and scope of their investigation
2. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased. Investigators have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.
3. Investigations will be launched only after a Preliminary Review by the Ombudsperson/ Director nominated by Audit Committee as the case may be, which establishes that:
 - a. The alleged act constitutes an improper or unethical activity or conduct, and
 - b. The allegation is supported by the information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review. Provided that such investigation should be undertaken as an investigation of an improper or unethical activity or conduct

Decision:

If an investigation leads the Ombudsperson / Director nominated by Audit Committee to conclude that an improper or unethical act has been committed, the Ombudsperson shall recommend to the Management of the Company, to take such disciplinary or corrective action as the Ombudsperson may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures as per the Disciplinary Policies / Procedure adopted by the Company.

Reporting:

1. The Ombudsperson/ Director nominated by Audit Committee shall submit a report to the Audit Committee on a quarterly basis about all Protected Disclosures referred to him/her since the last report together with the results of investigations, if any.
2. The Audit Committee in turn shall submit a report to the Chairman of the Board on a regular basis about all Protected Disclosures referred to it, since the last report together with the results of investigations, if any.
3. The Board of Directors shall disclose the details of the establishment and operation of the Whistle blowing and Vigil Mechanism in the Directors' Report.

Retention of documents:

All Protected Disclosures in writing or documented along with the results of investigation relating thereto shall be retained by the Company for a minimum period of eight years or such period as may be prescribed under applicable laws

Amendment:

The Company may amend or modify this Policy in whole or in part, at any time. However, such amendment or modification shall not affect the on-going or completed investigations